

Message Text

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PAGE 01 GUAYAQU 00371 092112 Z

71

ACTION EB-11

INFO OCT-01 ARA-11 ADP-00 CIAE-00 COME-00 DODE-00 FMC-04

INR-10 NSAE-00 RSC-01 CG-00 COA-02 AID-20 L-03 DOTE-00

LAB-06 SIL-01 TRSE-00 RSR-01 INRE-00 /071 W
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P R 092015 Z APR 73

FM AMCONSUL GUAYAQUIL

TO SECSTATE WASHDC PRIORITY 2603

INFO AMEMBASSY CARACAS

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E. O. 11652 N/A

TAGS: ETRN

SUBJECT: PRUDENTIAL- GRACE, CHILE AND PERU

PASS TO R. BOURDON, MARAD

1. PRUDENTIAL- GRACE AGENTS IN CHILE SERIOUSLY CONCERNED ABOUT PG' S AND THEIR OWN FUTURE DUE TO UNFAVORABLE PORT CONDITIONS, EXCHANGE RATES, AND GOVERNMENT OF CHILE POLICIES. THE COMPANY HAS ALREADY REDUCED ITS NUMBER OF CALLS TO CHILEAN PORTS AND IT IS NOT BEYOND POSSIBILITY THAT FURTHER REDUCTIONS WILL BE MADE. EXCHANGE RATE APPLICABLE PRUDENTIAL- GRACE OF 30 ESCUDOS TO ONE US DOLLAR MAKES IT EXTREMELY DIFFICULT, IF NOT IMPOSSIBLE, TO BREAK EVEN AND AGENT' S COMMISSION IS AN UNREALISTIC 25 ESCUDOS TO ONE US DOLLAR, IN SPITE OF FACT THAT OFFICIAL RATE OF EXCHANGE IS 70 ESCUDOS TO ONE US DOLLAR. PORT CONDITIONS CONTINUE TO BE VERY UNSATISFACTORY DUE PRINCIPALLY TO LACK OF EQUIPMENT AND PARTS, UNCOOPERATIVE LABOR, AND POOR ADMINISTRATION ON PART OF PORT OFFICIALS. INTRODUCTION OF LASH IS REPORTEDLY BEYOND ACCURATE PREDICTION THIS INFORMATION RECEIVED FROM PRUDENTIAL- GRACE AGENTS IN VALPARAISO ON A CONFIDENTIAL BASIS.

2. PRUDENTIAL- GRACE AGENTS IN PERU ARE ALSO UNCERTAIN AS TO WHAT THE FUTURE HOLDS IN STORE FOR P- G, AS WELL AS FOR THEM PERSONALLY ALTHOUGH THEY DO NOT APPEAR AS PESSIMISTIC AS THE AGENTS IN CHILE.
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PAGE 02 GUAYAQ 00371 092112 Z

PORT CONDITIONS ARE LESS THAN SATISFACTORY AND LABOR IS NOT FULLY OR PROPERLY UTILIZED RESULTING IN CONFUSION AND DELAYS ON THE DOCKS. THOUGH WE UNDERSTAND THAT FEDERAL MARITIME COMMISSION HAS RECENTLY APPROVED 50-50 POOLING AGREEMENTS BETWEEN PRUDENTIAL-

GRACE AND THE PERUVIAN LINE (CPV), AGENTS BELIEVE THAT THE PERUVIAN GOVERNMENT WILL FIND A WAY OF BYPASSING THE AGREEMENT IN ORDER TO INSURE CPV GETTING THE MAJORITY OF CARGO. POSSIBILITY OF INTRODUCTION OF LASH INTO PERU APPARENTLY AT LEAST TWO YEARS AWAY UNDER PRESENT CIRCUMSTANCES ALTHOUGH SOME MEANINGFUL TALKS HAVE TAKEN PLACE ON THE SYSTEM BETWEEN P- G, LABOR, AND GOVERNMENT. THESE OPINIONS EXPRESSED BY PRUDENTIAL- GRACE AGENT IN CALLAO ALSO ON A CONFIDENTIAL BASIS.
LUBENSKY

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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